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ABSTRACT

To examine the content of newspaper advertisements used by banks before, during, and after a major bank collapse, issues of the Knoxville (Tennessee) "News Sentinel" from 1982, 1983, and 1984 were analyzed for bank sponsored product and nonproduct advertisements. These advertisements were studied for type, size, and content relating to categories of nonproduct or institutional advertising. The data revealed that Knoxville banks responded to the community banking crisis by increasing the number of ads during the 1982-83 crisis period but did not continue the increased activity in 1984. Moreover, product ads contained elements of nonproduct content, but the nonproduct ads did not increase markedly during any time period when compared with industry-wide standards. The ads appeared to emphasize how well the banking industry could serve the people of Knoxville, and did not address economic troubles. Strength and growth potential did appear in the ads but not in conjunction with any banking problems the community may have been facing. The institutional ads contained traditional content, such as mergers, growth history, diversifications, and so forth. (HOD)

A Trend Study of Advertising Content Used by Banks Before, During and After A Banking Collapse

by

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ABSTRACT

This study reports the results of a content analysis of newspaper advertisements used by banks before, during and after a major bank collapse. Issues of the Knoxville (TN) News Sentinel in 1982, 1983 and 1984 were analyzed for bank sponsored product and non-product advertisements. The advertisements were studied for type, size and content relating to categories of non-product or institutional advertising. The data indicates that Knoxville banks responded to the community banking crisis by increasing the number of ads during the crisis period but did not continue the increased activity in 1984. Moreover, product ads contained elements of non-product content, but the number of non-product ads did not increase markedly during any time period when compared with industry-wide standards.

The ten categories of traditional non-product advertising appeared in the ads studied but, only four categories--service capabilities, economic resources, physical resources and growth history--appeared with high frequency in all ads, regardless of whether the ads were coded as service or institutional ads. For the bank ads studied, this may indicate that traditional product ads may be utilizing non-product content in selected topic areas. In a time of bank crisis with possible repercussions of mistrust from the community, the Knoxville banks appeared to emphasize how well the banking industry could serve the people of Knoxville. Economic troubles were not addressed as the low frequency of corporate emergencies category attests. Strength and growth potential did appear in the ads, but not in conjunction with any banking problems the community may have been facing.

Institutional ads which were used by the banks contained traditional content, particularly in the mergers and diversifications, physical resources, growth history, organization name change and corporate emergencies categories. The frequency of institutional ad use did not differ markedly from survey reports of overall non-product ad use in this service industry. Thus, regardless of the banking crisis, the Knoxville banks did not apparently increase institutional ad use in proportions different from other American banking institutions.

The banking industry in the United States has been subjected recently to a variety of pressures not experienced since the Great Depression. de-regulation, increased competition for investor funds and interstate banking are just a few of the changes that America's oldest service industry has undergone in the last decade. Kleppner (1979) has noted that banks are indeed a "service" industry because few, if any, consumer products are offered by banks, Banking has traditionally relied heavily on an intangible--public trust--to obtain and keep customers.

Economic pressures have placed additional burdens on the banking industry and the maintenance of this public trust. One such pressure is the increase in bank failures. A <u>Wall Street Journal</u> article (Stipp, 1984) outlined the magnitude of this problem.

> Such burdens have increased recently as banks continue to collapse at a rate unequaled since the Depression. In the past three years, the FDIC's estimated losses of $2.4 billion from bank collapses are more than four times the agency's total losses during the preceding 47 years..More than 40 banks have failed so far this year, compared with 10 in 1980. The agency is currently liquidating more than 200 banks and controlling assets approaching $5 billion. (p. 1)

A failing financial institution cannot be considered an isolated event, especially within the boundaries of a community or even a state as the recent (March, 1985), collapse of the Ohio savings and loans have illustrated. The recurring image is that of the domino effect.

> Economic necessity and the banking industry's drive for greater profits and growth have led in recent years to a sharp jump in wheeling and dealing among banks in loan sales, participations and syndications. The gentlemen's agreements often facilitated the deals. The trend has forged so many links between banks that the failure or troubles of one bank nowadays often harm many others, at a time when the number of failed and problem banks is snowballing...The domino effect is making bank failures more costly and difficult to contain. (p. 1, June 1, 1983).

The <u>Wall Street Journal</u> devoted an entire section of its June 22, 1984 edition to the crisis in U.S. banking resulting from unpaid foreign loans. The graphic illustration dominating the first page of the section was one of collapsing dominoes.

Increasingly, banks and other financial institutions are turning to marketing and advertising professionals in order to effectively respond to the problems and opportunities afforded by the current fiscal climate. Maresca (1983) has observed:

> The marketing fever has hit these venerable segments of the service sector...Banks are convinced that they must give more of the same--more service--but of a different kind. So now the world of commercial banking is in the testing states of a pivotal period in its business development...The point will be obvious. What marketing has ascertained is that banks are not in the money business. They are, as they always have been, in the service business. And it is the marketing of the service that is the product they must focus on if they are to grow and prosper. (p. 13)

Telling the service story during a period of financial uncertainty for an institution that primarily relies on an image of confidence, trust and stability for maintaining customers is a complex undertaking. One of the advertising tools that service industries like banks may turn to more increasingly is the use of non-product advertising.

Although AT&T was the first to use non-product advertising in a 1908 ad, widespread use of this advertising form did not begin until the mid-1970s (Garbett, 1981, p. 39). As a newcomer to the advertising field, non-product advertising suffers from a lack of clear definition. Cutlip and Center (1978) noted that non-product advertising has been called such names as public service advertising, public relations advertising, identity advertising and advocacy advertising. These authors defined non-product advertising as "Advertising a company's name and reputation through purchased space or time" (p. 22).

Garbett (1981) observes that non-product advertising "is one of the sloppiest terms in the language of advertising" (p. 3).

> In fact, definition is a major hurdle for anyone working in the field because there is no agreed-upon term for this kind of advertising. This lack of definition affects the reliability of statistics and causes wide variations in surveys and reports. (p. 3)

Garbett (1981) prefers the term corporate advertising which he defines as meeting one or more of the following qualifications:

1. To educate, inform, or impress the public with regard to the company's policies, functions, facilities, objectives, ideals and standards;

2. To build favorable opinion about the company by stressing the competence of the company's management, its scientific know-how, manufacturing skills, technological progress, product improvements, and contribution to social advancement and public welfare; and, on the other hand, to offset unfavorable publicity and negative attitudes;

3. To build up the investment qualities of the company's securities or to improve its financial structure;

4. To sell the company as a good place in which to work, often in a way designed to appeal to college graduates or to people with certain skills. (p. 13).

The lack of widely accepted definitions of non-product advertising also results in the lack of consensus on the goals of such advertising. Kleppner (1979) noted that the four primary purposes of non-product advertising were to dispel a misconception; to show what the company is doing for the future; to alert the public to a problem; and, to support not-for-profit and public interest causes.

Garbett (1982) identified the following possible goals for non-product advertising: boost sales, hold employees, recruit professionals, increase price of stock and get people to understand you. Sachs (1981) surveyed corporate advertisers who used non-product advertising and found the top three objectives of such advertising campaigns were:

1. To improve or maintain company reputation and good will;

2. To provide overall marketing support for goods and/or services;

3. To enhance the business interests or profitability of the company. (p. 15).

Sachs concluded that "Corporate advertising differs from product advertising only in the means employed, but not in the ends. Both are meant to accomplish marketing tasks" (p. 15).

Surveys on the use of non-product advertising in American corporations have been conducted in recent years. Sachs (1981) surveyed advertising executives in the 500 largest manufacturing companies and the top 250 firms in the service industries. He found that 41 percent of the consumer goods manufacturers, 66 percent of the industrial goods manufacturers, and 65 percent of the service industries used non-product advertising. Garbett (1982) found that of the nation's 500 largest industrial companies, 244 used non-product advertising in 1980. Dardenne (1983) found that corporate expenditures for non-product advertising dropped 4.5 percent from 1981 levels, representing the first decrease in expenditures since 1976. This researcher found that a shift in preference for corporate advertising forms had occurred--"Advocacy is waning and market preparation is waxing" (p. 33).

Garbett (1982) identified reasons why corporate advertisers may be reluctant to use non-product advertising. Major reasons centered on the desire to keep a low profile, the belief that the additional advertising costs do not result in increased sales and the notion that non-product advertising has no tangible pay-off. Garbett points out that the stock prices of corporations who use non-product advertising have significantly increased, especially in up markets. Garbet also notes that the tack of keeping a low profile may be dangerous, particularly in crisis periods.

> The less filled out a company's image is, the more subject that image is to wild distortions. It is important to give people whose good opinion business depends on a complete view of a corporation and its positive role in society, not just through corporate advertising but through all channels of corporate communications. (p. 104)

Because non-product advertising does not center on a specific consumer product but on other abstract or intangible aspects of an organization, it may be particularly useful to the banking industry. Moreover, public, and consequently, investor trust in a banking institution is severely tested during a crisis situation. Garbett's suggestion (1982) that a consistent use of well-planned non-product or corporate advertising may alleviate panic or rumor in crisis situations may be par. cularly applicable to banks as economic changes continue to affect i..ustry.

The opportunity to study the use of advertising before, during and after an actual banking crisis became available in connection with the now wellknown bank collapse of the United American and C & C banks in Knoxville, Tennessee, during 1983. At the beginning of 1983, the Knoxville community had the services of seven banks; by year's end, two of these seven banks would have collapsed and two others have merged. The collapse of the United American and C & C banks were the third and fourth largest bank failures in the United States since the Depression (Krakoviak, May 28, 1983). The widely reported financial troubles of the Butcher banking family created uncertainty regarding the financial stability of the Knoxville, and to some extent the Tennessee, banking community. Studying advertising, both product and non-product, during a crisis situation may prove helpful in determining how this tool may be useful in planning the overall communications programs of the banking industry in these volatile economic times.

RESEARCH QUESTIONS

Considering the circumstances surrounding banking institutions during the Knoxville bank failures episode, the following questions guided the research:

1. Did the use of product and non-product advertising by Knoxville banks change significantly before, during and/or after the crisis period?

2. What categories of non-product advertising occurred most frequently and with what emphasis?

3. What marketing strategies did the Knoxville banks utilize during the crisis period and how were these strategies translated into product and non-product advertisements?

4. Did product or service-oriented advertisements used by Knoxville banks contain any elements of institutional advertising? If so, which categories and with what emphasis?

METHODS

A content analysis of newspaper advertisements for banks in the Knoxville metropolitan area was conducted. Newspapers were used for study because this medium appears to be the most widely used for non-product advertising. Sachs (1981) found that "corporate advertising is print-oriented" with 49 percent of his survey respondents using newspapers as an advertising vehicle. Dardenne (1983) found that use of advertising in such print media as Sunday newspaper supplements was up 44 percent from her previous study. Banks have been heavy advertisers in daily newspapers, according to a report in Market and Media Decisions (1980), due in part to their desire to reach mid-to-upper income persons in the 45 and older age range.

The unit of analysis was the individual bank ads from the following banks and their holding companies, if applicable: First Tennessee Bank, United American, C & C Bank, Valley Fidelity Bank, First American Bank, Bank of Knoxville and Park National Bank. The ads were obtained from microfilmed issues of the Knoxville News Sentinel for three time periods. Since this content analysis is a trend study of advertising used by the above banks before, during and after the banking crisis period, each issue of the News Sentinel was examined for the following time periods: January, 1982-June, 1982, January, 1983-June, 1983; January, 1984-June, 1984. The News Sentinel is the only Knoxville newspaper which is published seven days a week and was chosen for analysis for this reason.

For this study, non-product advertising is labeled institutional advertising. Each advertisement identified was analyzed as a whole for the following attributes: size (measured in column inches); predominant type of ad (product/service oriented; institutional; other); and content.

Product or service ads are defined as focused on a specific banking service or product such as loans, checking accounts, savings accounts, IRAs, money market accounts, CDs, trusts, credit cards and/or investment services, etc. Institutional ads are defined as focused on the image, attributes and identity of a bank and not primarily on a banking product or service.

Content categories for the ads were derived from Seitel's (1984) ten categories of non-product advertisements. (p. 256) After pretesting, a final eleven content categories were identified and a coding form with expanded descriptors for each category was created. A copy of the complete coding form can be obtained from the first author.

All ads for this study, regardless of whether they were initially identified as product or institutional, were analyzed for content using these categories. In addition, coders rated each category using a three-point scale of DOMINANT, PASSING MENTION AND NOT PRESENT for each of the ads. One of the questions the researchers hoped to answer was whether product ads actually contained elements of non-product advertising for the banks studied. Zotti (1983) has suggested that ads which combine the two elements may be the most effective. "What worked best of all were 'financial-plus-corporate' ads that combined a few pertinent facts on performance with a reasonably convincing explanation of the company's plans" (p. M11).

Coders each analyzed one month's issue of the News Sentinel for the time periods specified. Undergraduate public relations majors were used as coders. Training sessions were conducted to explain coding procedures. A randomly drawn sample of ten percent of the coding forms completed by the original coders were recoded by a set of independent coders to test intercoder reliability. Using Holsti's (1969) method for testing intercoder reliability, a .98 coefficient of reliability was found for determining ad type and a .78 coefficient was found in coding the content categories.

In addition, results of interviews with marketing directors of banks involved in the Knoxville crisis were obtained to further illuminate how advertising was used, particularly during 1983.

RESULTS AND DISCUSSION

The content analysis of the Knoxville News Sentinel for the issues specified yielded a total of 479 ads for the banks studied. Of the 463 ads coded as service or institutional, 310 (66 percent) were service ads and 153 (33 percent) were institutional. Table 1 shows frequency, percentages and ratings of all ads by ten content categories. The eleventh content category dealing with use of the Federal Insurance Statement is not reported on Table 1. A total of 74 percent of the ads studied used only the FDIC logo in ad content. Ninety four percent of the ads studied appeared in the first 12 pages of the newspaper edition studied.

INSERT TABLE 1 ABOUT HERE

The category most frequently found in all the ads studied was service capabilities followed by the economic resources, physical resources and growth history categories. Moreover, except for the growth history category, these top four content categories were rated as dominant in the ad content. It is notable that the category of corporate emergencies was found in only 1.4 percent of the ads studied. Although the banks studied were going through a crisis period, it appears they did not choose to use advertising to directly address any problems they may have been experiencing.

Table 2 summarizes the use of service and institutional ads by bank and year. The most frequent advertiser was First Tennessee followed closely by the Bank of Knoxville. While all the banks studied used institutional ads to some extent, the most frequent user was the Bank of Knoxville followed by First Tennessee and First American, the latter two had 22 ads each. C & C Bank and United American had the least number of ads, possibly reflecting their defunct status in 1984.

INSERT TABLE 2 ABOUT HERE

According to the data, the number of service ads was fairly stable between 1982 and 1983 for C & C and Park banks but changed dramatically for the Bank of Knoxville and First Tennessee, which more than tripled the number of service ads in this time period. The number of service ads decreased from 1982 to 1983 for Valley and C & C banks. For all the banks using service ads in 1984, the number of ads decreased from 1983 levels, except for First American.

Use of institutional ads during the 1982 and 1983 time periods showed increases for the Bank of Knoxville, First Tennessee, First American, United American and Park. It is notable that First Tennessee went from using no institutional ads in 1982 to using nine in 1983; First American went from 1 in 1982 to 17 in 1983. The two banks which would collapse in 1983, C & C and United American, had comparatively few institutional ads. C & C decreased institutional use in 1983 from 1982 levels and United American went from a modest 2 in 1982 to 4 in 1983. For 1984, all the banks except First Tennessee decreased their use of institutional ads.

A more revealing picture of ad use is gained when frequency is calculated by month and year. Tables 3 and 4 show the number of service/product ads and institutional ads, respectively, by month and year. For both types of ads, there was an increase in frequency in 1983 that was not equaled by either the preceding or following year. Moreover, February, 1983, showed a marked increase in both ad categories. February was the beginning of the United American and C & C bank collapses, and it appears that the amount of advertising used by the banks also increased. Twenty percent of the institutional ads identified in this study appeared in the month of February, 1983. No other single month in this study had a higher frequency. Total frequency of ad use in both the service and institutional ad categories

INSERT TABLES 3 and 4 ABOUT HERE

did not return to even 198. levels following the bank collapses, again reflecting the changed number of b... advertising during 1984.

Although First Tennessee had the most number of service ads and the second highest number of institutional ads in this study, Anne Hart, director of marketing and public affiars at First Tennessee Bank, explained that the banking crisis in Knoxville precipitated no change in the bank's marketing strategy and that the bank's policy was to use only product advertising.

Jon Rymer, assistant vice president of marketing of Park National Bank, likewise stated that his bank did not use a "mass media approach" to reaching its largely commercial or corporate customer. Rymer stated that Park's advertising, which was the third most frequent in this study, merely "keeps our visibility."

First American's senior vice president of marketing, Tom Potter said that his bank mounted no special advertising campaign as a result of the Knoxville banking crisis. First American's emphasis on corporate clients made advertising in the mass media less important, according to Potter.

Joseph Bacon, vice president of marketing at Bank of Knoxville, said that his bank's advertising campaign had been planned prior to the bank collapses. However, during the crisis period, Bacon suggested that a bank had to let the public know that it was a "good bank, safe bank and eager to serve customers." Bacon said the Bank of Knoxville always tried to develop ads which would promote the image of the bank and sell the bank's services.

Only one bank in Knoxville admittedly designed a special advertising campaign in response to the financial problems in the Knoxville banking community. Jo Matherne, vice president of marketing for Valley Fidelity Bank, said his bank had designed a strategic campaign to sell its product strengths. Matherne said the campaign was designed to maintain the confidence of the people of Knoxville and to show them that United American Bank's problems were not representative of every bank in Knoxville.

"Strategically, we saw that it would be a good chance to capitalize on the opportunity to sell the strengths of our bank. We wanted to seize the opportunity to tell them (consumers) that we had had a very good year, and that we were a strong bank. We were touting our own strengths while at the same time saying we were a strong bank."

Frequency of ad use reveals only part of the total picture. It is important to know what content the ads emphasized as well. One purpose of this study was to examine the use of elements of non-product advertising in traditional product ads. Of the eleven content categories studied, the service capability category appeared with most frequency in the ads studied. Table 5 displays a breakdown for service/product ads and institutional ads by bank which contained this content category. The service capabilities category had a dominant emphasis in 276 (89 percent) of the total 310 service ads which were coded as having elements of this category. For institutional ads which were coded as having service capability content, 64 (41.8 percent) of the total 106 were also rated as having dominant content in this category.

Thus, it appears the Knoxville banks emphasized customer service content above all else.

INSERT TABLE 5 ABOUT HERE

The content category which had the second highest frequency was the economic resources category. Table 6 depicts the use of this content category by ad type and bank. Although this content category appeared frequently, it was more likely to be given a passing mention rather than a dominant rating. Of the 163 service ads which contained this category, 103 (63 percent) were coded with the passing mention rating. When institutional ads were coded as containing this category, however, 74 (78 percent) of the 95 institutional ads with economic resources content were assigned a dominant rating. Thus, service ads, which may not traditionally use this area of content, did so but without allowing the content category to dominate the overall ad.

It is interesting to examine how the Knoxville banks used the economic resources content in actual ads, particularly during the banking crisis period. During the height of the banking crisis in February, 1983, Park National Bank ran an ad titled "Excellence in the business of banking." It stated:

> So now that banking is complicated, and you want one bank to trust...it's simple.

First American Bank ran an April, 1983 ad titled "First American Corporation. At the right place at the right time with the right balance sheet." The ad content goes on to say "First American Corporation has the financial strength to take advantage of tomorrow's opportunities." A later First American ad emphasized the bank's financial security by stating "First American Corporation. One of the strongest banking organizations serving one of the nation's strongest regions."

The Bank of Knoxville also put a heavy emphasis upon strength and financial security. Its statements of condition used such phrases as, "Sound financial practices, capital strength," "We wish to draw your attention to the strong financial security our customers enjoy," "The right combination for security and growth," and "So if you're looking for a way to lock into banking security and financial growth."

First Tennessee ran a February, 1983 ad in conjunction with its takeover of the ailing United American Bank. The ad was titled "A message to the citizens of Knoxville from First Tennessee" and contained the following statement:

> With over $4 billion in assets, and nearly 120 years of experience the First Tennessee system has the financial resources to assure a sound and dependable future.

Later First Tennessee product ads contained the words "First Tennessee has the options I want and the financial strength to back them up."

Beginning in February, 1983, Valley Fidelity Bank mounted its "Strength" advertising campaign. An example of an ad in this campaign was titled "Strength. A Statement of strength from Valley Bank" and contained the phase "building strength through service." In addition, the advertisement said:

> Another, but less obvious, measure of a bank's strength is its trust department. Valley Bank now has one of the strongest and largest in East Tennessee.

and:

> If you look at our numbers, our firsts and our statements of condition, they speak for themselves, adding up to banking strength...when you need it most.

INSERT TABLE 6 ABOUT HERE

A review of the use of the other nine content categories reveal varying patterns of use. For the category of mergers and diversifications, institutional ads rather than service ads were more likely to contain content on this topic. Of the 14 ads coded with a dominant rating in this category, 71.4 percent were institutional ads; of the 18 ads coded with a passing mention rating, 61.1 percent were institutional ads. Institutional ads were more likely, too, to address the topic of organizational resources. A total of 122 ads were coded as containing this content category; 82 (67 percent) of these were institutional ads, whereas 39 (32 percent) were service ads.

Physical resources content appeared in 212 of the ads studied. Of the 212, 118 (55 percent) were service ads and 94 percent were institutional ads. However, institutional ads in this category were more likely to have a dominant rating with 60 (64 percent) of the 94 institutional ads showing this rating. The growth history category was most frequently found in institutional ads. Of the 143 ads coded as having this content category, 59 percent were institutional ads; of these, 67 percent were rated as having dominant mention.

The company customers category was more prevalent in service rather than institutional ads. Fifty-eight percent of the 121 sds in this category were service ads. This figure may be related to the frequent use of the service capabilities category in service ads--customers and the bank's ability to serve these customers go hand in hand.

The organization name change and corporate emergencies categories were handled almost exclusively by institutional ads. Eleven of the 14 ads which were coded with name change content were institutional; six of the seven ads coded with corporate emergency content were institutional.

Interestingly, the trademark protection category appeared most frequently as a passing mention in service ads. Of the 118 ads coded with this content category, 65 percent were service ads. The desire of the banks to maintain a clear identity without drawing undue public notice may be related to this data.

Another factor in examining the use of advertising is ad size. Table 7 depicts the number of service and institutional ads by column inch categories. The majority of the ads studied were less than 100 column inches. Institutional ads did not differ markedly from service ads in size, except for the two full-page institutional ads which the United American Bank sponsored.

INSERT TABLE 7 ABOUT HERE

When mean ad size is examined by year of use and specific bank, however, significant differences become evident. Table 8 shows a breakdown of mean ad sizes by year and bank. A oneway analysis of variance revealed that the mean ad size between 1982 and 1983 increased significantly for three banks-- C & C, Bank of Knoxville and Valley. A further statistical analysis utilizing the Scheffe test of significance revealed that only C & C and the Bank of Knoxville had significant increase in ad size from 1982 to 1983. It should be noted that mean ad sizes for three banks above never exceeded 100 column inches, and thus, was within the average range of size for all the banks studied.

INSERT TABLE 8 ABOUT HERE

CONCLUSIONS

This data indicates that Knoxville banks responded to the community banking crisis by increasing the number of ads used during the 1983 crisis period, and in three cases, increasing the size of the ads used. The banks, however, did not appear to continue this increased advertising activity in the 1984 time period. It is notable that the United American Bank, which in some respects initiated the banking crisis in Knoxville, was not a leader in using service or institutional ads to advertise the bank in any of the time periods studied. The Butcher-related C & C Bank was also not a leader in the number of ads used in the time periods studied, but did increase ad size in the 1983 crisis period.

The ten categories of traditional non-product advertising appeared in the ads studied but, only four categories--service capabilities, economic resources, physical resources and growth history--appeared with high frequency in all ads, regardless of whether the ads were coded as service or institutional ads. For the bank ads studied, this may indicate that traditional product ads may be utilizing non-product content in selected topic areas. In a time of bank crisis with possible repercussions of mistrust from the community, the Knoxville banks appeared to emphasize how well the banking industry could serve the people of Knoxville. Economic troubles were not addressed as the low frequency of corporate emergencies category attests. Strength and growth potential did appear in the ads but not in conjunction with any banking problems the community may have been facing.

Institutional ads which were used by the banks contained traditional content, particularly in the mergers and diversifications, physical resources, growth history, organization name change and corporate emergencies categories. The frequency of institutional ad use did not differ markedly from survey reports of overall non-product ad use in this service industry. Thus, regardless of the banking crisis, the Knoxville banks did not apparently increase institutional ad use in proportions different from other American banking institutions.

Interviews with the marketing directors of the banks studied revealed some discrepancies between professed market strategies and actual number and content of ads which appeared in the Knoxville newspapers. These discrepancies may reflect a reluctance to discuss advertising use in a highly competitive and volatile market during a time of fiscal upheaval. It does appear that a well-planned advertising campaign may aid a bank's position with consumers, especially if that campaign is part of an ongoing effort and not only a response to a crisis.

TABLE 1

Frequency and Percents of Ads

by Category

Ad Categories	Dominant f	Dominant Percent	Passing Mention f	Passing Mention Percent	Not Present f	Not Present Percent
Mergers & Diversifications	14	2.9	18	3.8	447	93.3
Human Resources	54	11.3	68	14.2	357	74.5
Physical Resources	97	20.3	115	24.0	267	55.7
Economic Resources	134	28.0	114	23.8	231	48.2
Service Capabilities	340	71.0	70	14.6	69	14.4
Growth History	77	16.1	66	13.8	336	70.1
Company Customers	66	13.8	55	11.5	358	74.1
Organization Name Change	9	1.9	5	1.0	465	97.1
Trademark Protection	10	2.1	108	22.5	361	75.4
Corporate Emergencies	5	1.0	2	.4	472	98.5

N = 479

Percents are of all ads

TABLE 2

Number of Service and Institutional Ads Used by Banks, 1982-1984

	Service Ads			Institutional Ads		
	1982	1983	1984	1982	1983	1984
C & C	20	20	--	11	4	--
Bank of Knoxville	6	19	15	9	25	17
Frist Tennessee	13	54	5	0	9	13
First American	4	8	14	1	17	4
Park	27	31	--	16	2	--
United American	11	20	--	2	4	--
Valley	20	12	5	6	10	3

Service Ad: Focuses on specific banking service or product such as loans, checking accounts, IRAs, money market accounts, CDs, trusts, credit cards and/or investment services, etc.

Institutional Ad: Focuses on image, attributes and identity of bank and not primarily on a banking product or service

N = 463

TABLE 3

Number of Service or Product Ads*

January thru June

1982 - 1984

	January	February	March	April	May	June	TOTAL
1982	35	18	18	22	13	3	109
1983	14	44	50	10	22	24	164
1984	6	1	4	6	19	3	39
TOTAL	55	63	72	38	54	30	312

*Ad focuses on specific banking service or product such as loans, checking accounts, savings accounts, IRAs, money market accounts, CDs, trusts, credit cards and/or investment services, etc.

TABLE 4

Number of Institutional Ads*

January through June

1982 - 1984

	January	February	March	April	May	June	TOTAL
1982	2	13	7	20	1	2	45
1983	5	32	2	8	9	15	71
1984	10	6	0	8	9	4	37
TOTAL	17	51	9	36	19	21	153

*Ad focuses on image, attributes and identity of bank and not primarily on a banking product or service.

TABLE 5

FREQUENCY OF ADS BY TYPE AND BANK

FOR SERVICE CAPABILITIES CATEGORY *

Bank	SERVICE ADS		INSTITUTIONAL ADS	
	Dominant	Passing Mention	Dominant	Passing Mention
C & C	40	5	7	4
Bank of Knoxville	32	7	14	14
First Tennessee	68	4	18	2
First American	25	1	4	11
Park	57	0	12	5
United American	23	5	2	2
Valley	29	6	7	4

*Defined as bank uses ad to tell customers of its ability to deliver service to the customer in a manner that is timely, convenient and effective for the customer; ad may also focus on scope or types of bank's services.

NOTE: Figures represent number of times service capability content was found in all ads sponsored by bank.

TABLE 6

FREQUENCY OF ADS BY TYPE AND BANK
FOR ECONOMIC RESOURCES CATEGORY*

Bank	Service Ads		Institutional Ads	
	Dominant	Passing Mention	Dominant	Passing Mention
C & C	11	8	7	1
Bank of Knoxville	4	12	28	3
First Tennessee	13	28	7	2
First American	7	10	15	5
Park	11	30	0	0
United American	12	10	4	0
Valley	2	5	13	0

*Defined as bank uses ad to communicate economic strength and stability; may include financial statement or position; may focus on monetary assets, stockholdings, net worth, etc.; may emphasize federally insured accounts.

NOTE: Figures represent number of times economic resources content was found in all ads sponsored by bank.

TABLE 7

Number of Service and Institutional

Ads by Column Inches

Column Inches	Service Ads	Institutional Ads
1 - 10	2	3
10 - 50	151	55
51 - 100	138	72
101 - 150	12	8
151 - 200	9	13
201 - 350	0	0
351 - 400	0	2
TOTAL	312	153

N = 465

TABLE 8

Mean Ad Sizes In Column Inches

1982 - 1984

Bank	1982	1983	1984
C & C * **	50.6	70.9	--
Bank of Knoxville * **	63.7	100.2	84.3
First Tennessee	46.7	57.3	53.1
First American	64.6	56.0	43.5
Park	53.4	65.0	58.4
United American	49.6	73.8	--
Valley *	44.1	56.9	50.5

* significant differences in ad sizes

C & C	F	$p \leq .0365$
Bank of Knoxville	F	$p \leq .0104$
Valley	F	$p \leq .0079$

** significant Scheffe' ($p \leq .05$) between 1982 and 1983

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